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WC Docket #
03-17

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December 26, 2002

RECEIVED

JAN 28 2003

Federal Communications Commission
Office of the Secretary

VIA COURIER

Federal Communications Commission
International Bureau – Telecommunications
P.O. Box 358115
Pittsburgh, PA 15251-5115

Re: Joint Application for Transfer of Control
of International and Domestic Carrier Pursuant
to Section 63.04(b).

Gentlemen and Ladies:


Enclosed herewith please find an original and ten copies of an application being submitted pursuant to Sections 63.04(b) and 63.24 of the Commission's Rules seeking consent to the transfer of control of Xspedius, LLC (formerly **known as** Xspedius, Corp.), which provides both international and domestic long distance telecommunications service. Section 63.04 of the rules permits an applicant to file a single joint application for approval of the transfer of control of an entity providing **both** international and domestic service. Although the **rules** do not indicate that additional copies of a joint application are required, we are submitting five additional copies out of an abundance of caution (for a **total** of ten copies). Form 159 and a check for the requisite filing fee also are attached.

Please note that a request for "Streamlined Processing" pursuant to Sections 63.12 and 63.03 of the rules is included in the Joint Application.

Federal Communications Commission
December 26, 2002
Page Two

Should there be any questions about this matter, please contact this office

Sincerely,



James J. Freeman

JJF:mbi

FCC/MELLON: DEC 26 2002
BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
Xspedius Holding Corp., Transferor)
And)
Xspedius Management Co., LLC, Transferee)
)
Joint Application for Consent to the Transfer of)
Control of Xspedius, LLC, a Company Holding)
a Blanket Domestic Authorization and an)
International Authorization Under Section 214 of the)
Communications Act of 1934, as Amended)

JOINT APPLICATION FOR TRANSFER OF CONTROL

Xspedius Holding Corp. ("XHC"), the existing sole shareholder of Xspedius. LLC ("Xspedius") and Xspedius Management Co., LLC ("XMC"), pursuant to Sections 63.04(a) and (b) and Section 63.24 of the Commission's rules, hereby request consent to transfer majority ownership and control of Xspedius from XHC to XMC. As provided in Section 63.04(b) of the rules, this Joint Application seeks approval of both the domestic and international aspects of this transfer of control. This transaction, described more fully below, will result in the combination of the telecommunications businesses of Xspedius and XMC. As part of this transaction, two pro forma changes not requiring Commission approval also will occur as set forth below. Xspedius and XMC both currently hold blanket domestic interstate authorizations under Section 214 of the Communications Act of 1934 as amended' as well as authorizations to provide international service. ("Section 214 authorizations").

¹ 47 U.S.C. § 151 et seq.

Pursuant to Section 63.04(b) of the Commission's rules, the applicants are providing below the information required by Sections 63.24 and 63.18 of the rules and in Attachment 1 hereto, the information requested by Section 63.04(a) of the rules.

Description of the Transaction

Xspedius, **LLC** is a Delaware limited liability company that is wholly owned by Xspedius Holding Corp., a privately-held holding company. Xspedius provides local and interexchange telecommunications services in Alabama, Louisiana, Mississippi, North Carolina and Tennessee. It provides domestic interstate service pursuant to §63.01 blanket authority and international service pursuant to Section 214 authority.²

Xspedius Management **Co., LLC** is a privately-held Delaware limited liability company whose subsidiaries recently acquired most of the assets and customers of **e.spire Communications, Inc.** XMC subsidiaries **are** authorized to provide telecommunications services in 20 states and the District of Columbia, including each of **the** states in which Xspedius is now offering service. XMC, through its subsidiaries, provides domestic interstate service pursuant to §63.01 blanket authority and international service pursuant to **Section 214** authority³ XMC is principally owned by Thermo Telecom Partners LLC (98%). Although they have different ownership, Xspedius and XMC are operated on a day-to-day basis by substantially the same management **team** and one of the purposes **of** the instant transaction is to reorganize the companies for more efficient operation.

² ITC-214-20010326-00153, Granted 4/18/01 (Global and limited global facilities-based and resale service). Effective 12/31/01 Xspedius Corp., to whom this authorization was originally issued, was converted into a limited liability company.

³ Xspedius Management Co. International. LLC; ITC-ASG-20020711-00372, Granted 8/16/02.

As a result of the transaction described herein, *the* businesses of Xspedius and XMC will be combined. XMC will acquire a 55% interest in Xspedius, and Xspedius Holding Corp. will retain the remaining 45% interest. In **return** for its 55% interest, XMC will transfer the ownership of its current limited liability company operating subsidiaries to Xspedius *so the!* will become subsidiaries of Xspedius, although still under the ultimate control of XMC due to its controlling interest in Xspedius. Because this second transfer is to an entity under common control, the change in ownership constitutes only a pro forma change and is discussed here only to provide the Commission with a full understanding of the proposed transaction.

In addition to these structural changes, at closing or shortly thereafter, Xspedius's existing customers will be transferred to the appropriate XMC subsidiary operating in the state in which the Xspedius customers are located.⁴ This change also is pro forma **as** the customers and lines are being switched to a company under common ownership. Finally, at closing, Xspedius, LLC will change its name to Xspedius Communications, LLC and will function only as a holding company. In the future, the operating companies will provide service under the trade name, Xspedius Communications. Organizational charts showing the structure of the companies before and after the transaction are attached as Exhibit 1.

⁴ The customers have been notified of the change in carrier in accordance with Section 64.1120(e) of the Commission's rules.

Requirements of Section 63.18

In accordance with Sections 63.24 and 63.18 of the Commission's rules, the Applicants submit the following information in support of this Joint Application:

- (a) The name, address and telephone number of the Transferor is:

Xspedius Holding Corp. (and Xspedius, LLC)
901 *Lake* Shore Dr.
Lake Charles, LA 70601
(337) 312-5240

The **name**, address and telephone number of *the* Transferee is:

Xspedius Management Co., LLC
5555 Winghaven Blvd.
O'Fallon, MO 63366
(636) 625-7080

- (b) XHC is a privately-held Delaware corporation.

Xspedius is a Delaware Limited Liability Company.

XMC is a Delaware Limited Liability Company

- (c) Correspondence regarding this Joint Application should be addressed **to:**

James J. Freeman. Esq.
Kelley, Drye & Warren LLP
1200 19th Street, N.W..
Suite 500
Washington, D.C. 20036
Telephone: (202) 955-9778
Fax: (202) 955-9792
Email: jfreeman@kelleydrye.com

Copies of any correspondence relating to the Transferor also should be sent to the following designated representative:

Chad Pifer
Director, Regulatory
Xspedius, LLC
901 Lake Shore Dr.
Lake Charles, LA 70601
p: 337-312-5240
f: 337-310-2976

Copies of any correspondence relating to the Transferee also should be sent to the following designated representative:

Jim Falvey
Senior Vice President, Regulatory Affairs
Xspedius Management Co., LLC
7125 Columbia Gateway Dr.
Columbia, MD 21046
p: 301-361-4298
f: 301-361-7654
jim.falvey@esaire.net

- (d) Xspedius, LLC (and indirectly XHC) holds only the Section 214 authorization identified in footnote 2 above. XMC's subsidiary, Xspedius Management Co. International, LLC holds only the Section 214 authorization identified in footnote 3 above.
- (e) Applicants are applying for authority to assign Section 214 authority pursuant to Section 63.18(e)(3) of the Commission's rules.
- (h) XMC is principally owned by :

Thermo Telecom Partners LLC
644 Governor Nicholls Street
New Orleans, LA 70116
Citizenship: US
Principal business: investment
Percentage ownership: 98%

Which is wholly-owned by:

James Monroe III's Grantor Trust
James Monroe, Trustee
644 Governor Nicholls Street
New Orleans, LA 70116
Citizenship: US
Principal business: investment
Percentage ownership: 100%:

100% interest in the Trust is held by:

James Monroe III
644 Governor Nicholls Street
New Orleans, LA **701 16**
Citizenship: **US**
Principal business: investment
Percentage ownership: 100%

XMC has no interlocking directorates with any foreign carrier.

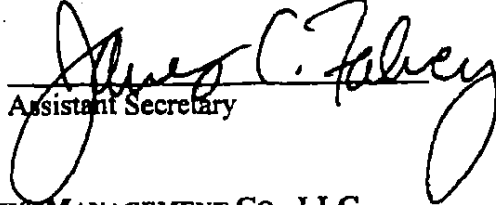
- (i) By its signature to this Joint Application, XMC certifies that it is not a foreign carrier itself and **is** not affiliated with a foreign carrier.
- (ti) By its signature to this Joint Application, XMC certifies that none of the foreign affiliations identified in Section **63.18(j)** of the FCC rules are applicable to it.
- (k) Not applicable.
- (l) Not applicable.
- (m) Not applicable.
- (n) By its signature to this Joint Application, XMC certifies that it has not agreed to accept special concessions directly **or** indirectly from any foreign carrier with respect to any **U.S.** international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.
- (o) By its signature to this Joint Application, XMC certifies that no party to this Joint Application is subject to a denial of Federal benefits pursuant to Section **5301** of the Anti-Drug Abuse Act of **1988**. *See* **21** U.S.C. § 853a.
- (p) The Applicants request streamlined processing for this Joint Application. Streamlined processing is appropriate under Section **63.12** because the Transferee is not affiliated either with any foreign carriers or with a dominant **U.S.** carrier. Further, XMC does not seek authority to provide switched basic services over private lines to countries for which the Commission has not previously authorized such services.

For the reasons stated above, *the Applicants respectfully requests* that the Commission grant this Application.

Respectfully submitted,

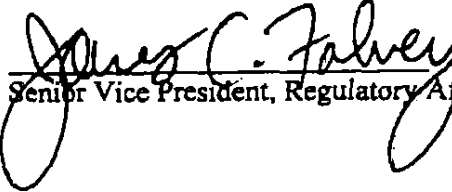
XSPEDIUS HOLDING CORP.

By:


Assistant Secretary

XSPEDIUS MANAGEMENT CO., LLC

By:


Senior Vice President, Regulatory Affairs

James J. Freeman
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W. Suite 500
Washington, D.C 20036
(202) 955-9778

Dated: December 26, 2002

Additional Information Required by Section 63.04(b)

(6) Description of the Transaction

Xspedius, LLC is a Delaware limited liability company that is wholly owned by Xspedius Holding Corp., a privately-held holding company. Xspedius provides local and interexchange telecommunications services in Alabama Louisiana, Mississippi, North Carolina and Tennessee. It provides domestic interstate service pursuant to §63.01 blanket authority and international service pursuant to Section 214 authority.⁵

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As a result of the transaction described herein, the businesses of Xspedius and XMC will be combined. XMC will acquire a 55% interest in Xspedius, and Xspedius Holding Corp. will

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⁶ Xspedius Management Co. International, LLC; ITC-ASG-20020711-00372, Granted 8/16/02.

a market share in the interstate, interexchange market of less than 10 percent, will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and neither Applicant nor any of its affiliates is dominant with respect to any service.

(9) None

(10) The Applicants are not requesting special consideration.

(11) There are no waiver requests.

(12) Public Interest Showing

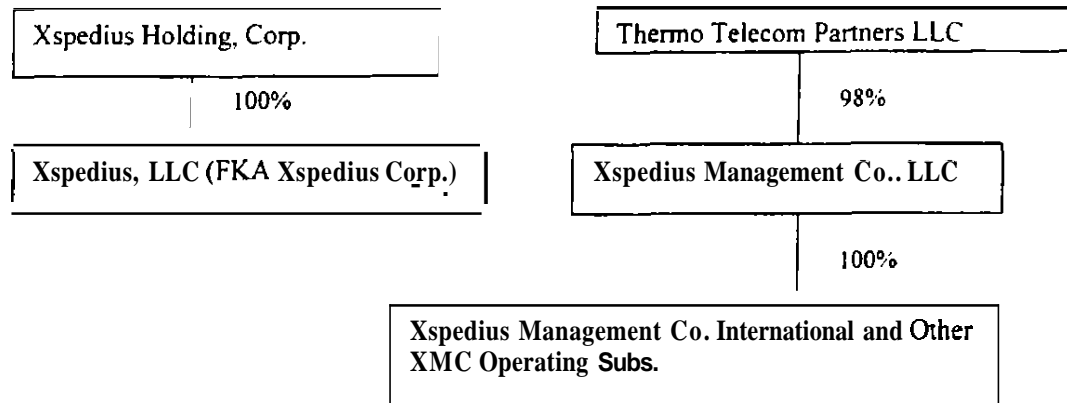
The proposed transfer of control will serve the public interest through the enhanced competitive posture of the combined companies. By permitting them to combine and reorganize their businesses as proposed herein, their operations should become more efficient and their ability to attract capital should be enhanced. This in turn will permit the combined companies to provide improved and innovative services. As there is no harm to or adverse effect upon customers of the two companies, this transaction will clearly serve the public interest by enhancing the competitive posture of the individual companies.

(...continued)

The customers have been notified of the change in carrier in accordance with Section 64.1120(e) of the Commission's rules.

Organizational Chart

Before



After

